

The Lost Estate

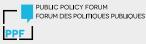
How to put the local back in local news

BY ANDREW PHILLIPS, EDWARD GREENSPON AND ALISON UNCLES













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in

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# Introduction



You can't get more local than Haida Gwaii, the remote archipelago off the coast of northern British Columbia with fewer than 5,000 people scattered among seven communities. When the newspaper covering those communities was gutted by its Black Press owner, a lot more than news disappeared.

Few ran for local office; the entire council of one local village was acclaimed; a major report on the hazards of a possible tsunami went unreported.

Even sports programs went unfilled because no one knew about them. In an area with little to no internet connectivity, there was simply no longer any way to tell residents what was going on.

In stepped Stacey Brzostowski, a former reporter turned veterinary administrator. In the summer of 2024, she launched a <u>new biweekly newspaper</u>, the *Haida Gwaii News*, from her kitchen table, printing 1,500 copies and distributing them herself around the islands by car and ferry.<sup>1</sup> "During the years when we didn't have a newspaper there was a huge disconnect between the people and the local municipality," she told PPF. "We need to close that."

It's far from sure that *Haida Gwaii News* will survive. It's a two-person operation that relies on local advertising, Patreon donors and people who press cheques

into Brzostowski's hand in the street. As a startup in its first year, it doesn't even qualify yet for government support. But its very against-the-odds existence, born of a deeply rooted belief that a community needs its news, is at least one hopeful sign in a stark local news landscape.

Overall, the news about local news in Canada is dire: many owners simply can't make a go of it. More than 340 communities have <u>lost local news providers</u> since 2008,<sup>2</sup> and the trend isn't relenting. The cutbacks, shutdowns and general hollowing out have reached the point where the only thing left in some places is a "ghost paper" — a familiar masthead but with little or no local news in the local product. Each year, more news outlets fall victim to the collapse of traditional media business models.

This report grows out of an unusual conference, organized by the Michener Awards Foundation and the Rideau Hall Foundation and held in Charlottetown, P.E.I., in late 2024. More than 60 local news publishers and broadcasters from across the country gathered to share their challenges, exchange ideas on innovation and put forward suggestions about what it will take to save local news. More than 340 communities have lost local news providers since 2008, and the trend isn't relenting.

#### We will focus here on

viable answers. In so doing, our core principle is that local news must be just that: local, meaning it is produced by people in the community for other people in the community. It makes a world of difference when news operations are owned and operated by people who are close to the readers and advertisers on which they depend. It's all too easy for remote corporate owners to hollow out papers and stations when they are viewed simply as items on their balance sheets.

We draw on a dozen expert interviews, as well as an extensive industry questionnaire, exclusive polling results, case studies and new data points to examine how outlets truly rooted in their communities are doing, what challenges they face, and how innovation and public policy can enable them to remain strong.

Local news is where the rubber hits the road. It knits together communities and speaks to people where they live, quite literally. It builds connection through ephemera such as marriage announcements, obituaries and little league soccer scores, as well as delivering accountability to the very foundation of healthy, functioning democracies — school board meetings, courtroom trials, municipal councils. Done well, local news lets people know what their neighbours are doing, what they're thinking, who they are. It gives a community the language to understand itself.

In the absence of that shared commons, all manner of erosion occurs. Communities become more polarized, less trusting of one another, and more disconnected from local institutions. Robust data from the United States, where these trends have long been closely tracked, shows that people in

**77**% | say having a local source of news is important to them

**87**%

say local news is important to a properly functioning democracy

Source: Ipsos online survey. (January 2025). Approximately half of the 1,001 respondents (Canadian residents aged 18+) lived in communities with populations of less than 10,000, while the other half of respondents lived in communities with populations between 10,000 and 100,000.

communities who have lost a newspaper tend to retreat into their partisan corners.<sup>3,4,5</sup> The vacuum created by missing reliable local information <u>is filled</u> by national news, which is typically more divisive, as well as social media, where truth and falsehood compete on equal terms.<sup>6</sup> A lack of local news coverage also means less scrutiny of local government, police, schools and other vital institutions, often making them less effective. Local news is an agent of accountability

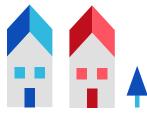
on behalf of the people publishers serve and whose trust and support are the commercial lifeblood of success. When no one is watching, the level of trust in the community diminishes.

One thing is certain: existing corporate models have been devastating for local news in Canada. Major corporate media owners, in both print and broadcasting, have been closing outlets and shrinking others for many years. Independents are also falling by the wayside, but with more skin in the local game, they tend to fight harder.

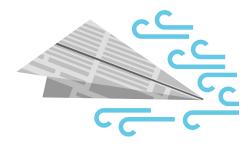
Strengthening local news and enabling local ownership go hand in hand. Rebuilding a flourishing ecosystem of local news cannot be done without a strengthened web of connections that link local news organizations so intrinsically to the communities they cover.

It means putting the local back in local news. Here's how.

Data shows that people in communities that have lost a newspaper tend to retreat into their partisan corners.



### CHAPTER 1 Powerful Headwinds



April Lindgren, a professor at Toronto Metropolitan University's School of Journalism, has been counting local news outlets across the country since 2008. As principal investigator for the Local News Research Project<sup>7</sup> at TMU, she has tracked a steady decline in local news, and her most recent numbers reveal even more troubling data.

The pandemic provided some relief, as local news operations benefited (like other businesses) from government subsidies. But in 2023, the cuts and closures returned: 37 local news outlets closed — including 29 community newspapers and eight private radio stations. Only nine new outlets were launched. In the <u>first 11 months</u> of 2024, another five shut down, although nine new operations started up.<sup>8</sup>

That brings the number of local news outlets that have closed in 347 communities across Canada since 2008 to 526. The vast majority were community newspapers. In the same period, 402 new outlets opened, but only 274 of those survived.

Smaller communities, says Lindgren, have been particularly hard hit. About half of the closures since 2008 took place in communities with populations of 20,000 or less. "Smaller communities are more vulnerable," she says. "There are fewer places to go to find out what's happening in these places." In an exclusive Ipsos poll<sup>9</sup> conducted in January 2025 to inform this report, a sample of 1,001 Canadians in communities with populations less than 100,000 were asked a range of questions about local news. While 87 percent of respondents said local news is important to a well-functioning democracy, 28 percent said they had fewer local news sources than five years ago. (Results are considered accurate to within +/- 3.6 percentage points of what the results would have been had every Canadian resident aged 18+ been polled.)

As well, the poll clearly showed that local newspapers and local radio are by far the most trusted sources of news — 85 percent of respondents said so in both cases, more than national newspapers (71 percent) or international online news (55 percent).

The importance of local news to respondents makes what Lindgren calls an emerging trend of "news poverty" (or areas where there is little access to quality local news) in many communities across Canada all the more worrying.

As well, launching new online ventures has become more difficult as a result of Meta's 2023 decision to ban Canadian news from Facebook and Instagram in response to the Online News Launching new online ventures has become more difficult as a result of Meta's 2023 decision to ban Canadian news from Facebook and Instagram.

Act (Bill C-18),<sup>10</sup> which requires tech companies to compensate media for using their content. "That made life very difficult for startups," says Lindgren.

"How do you get discovered?"

Behind the numbers is an ongoing collapse of the advertising revenues that have long been the lifeblood of news operations, including local ones. According to data provided by News Media Canada, between 2018 and 2022, ad revenues for Canadian community newspapers fell by 44 percent, from \$688 million to \$385 million. Advertising dollars going to local radio stations fell by 33 percent in the same period, from \$1.51 billion to \$1.10 billion. The vast majority of those dollars have gone to the big foreign-owned tech companies, in particular Google and Meta.

The closures and cuts were especially devastating in 2023. In January of that year, <u>Postmedia announced</u> it was laying off 11 percent of its editorial staff and converting a dozen community papers to digital-only.<sup>11</sup> That was on top of deep cuts in editorial staff that had been going on for years at its larger properties.

Storied broadsheets like the *Montreal Gazette*, the *Ottawa Citizen* and the *Vancouver Sun*, which boasted editorial staffs of more than 100 each as little as a dozen years ago, are now hollowed-out shells of their former selves with newsrooms of just 25 or so, struggling to cover major metropolitan areas. *The Sun* tabloid newspapers, once feisty competitors to the established broadsheet titles in most major cities west of Quebec, have

#### THE BIGGEST IMPACTS OF A LOSS OF LOCAL NEWS ARE:

- **58**% | Fewer ties to the community
- 61% Less knowledge of the workings of local government, schools and hospitals
- **57**% | Decreased participation in local events
- **54**%

Less of a sense of caring for one another

Source: Ipsos online survey. (January 2025).

been merged into one much-diminished operation in each city. Postmedia's centralized editing system — through which common pages of national, international and business news are produced at one location for all its markets — means many editorial decisions have been taken away from local papers.

In September 2023, Torstar's Metroland subsidiary went into bankruptcy protection and <u>announced</u> 605 layoffs, or two-thirds of its workforce.<sup>12</sup> It closed the print operations of 71 community publications, converting them to digital-only and gutting their ability to cover local news.

The trend continued into 2024: Postmedia acquired SaltWire Network Ltd., the largest newspaper chain in Atlantic Canada, in August and immediately announced an undetermined number of editorial layoffs.<sup>13,14</sup>

The toll has been just as devastating among corporate broadcasters. Corus Entertainment <u>cut 300 employees</u> in 2024 and closed local radio stations in Vancouver and Edmonton.<sup>15</sup> Bell Media put nine local stations <u>up for sale</u> in 2023 and 45 more in early 2024, while also reducing weekday news broadcasts at CTV stations across the country and BNN Bloomberg.<sup>16</sup> "It's not a viable business anymore," the company said. One year after Meta blocked news access for Canadians, a study found local news outlets lost 85 percent engagement on Facebook pages.

Some of the closures have cut particularly deep. In June 2023, Jessica Wallace of *Kamloops This Week* in British Columbia was recognized as a finalist by the Michener Awards, Canada's top journalism prize, for stories that uncovered questionable spending in the Thompson-Nicola Regional District, including nights at steak houses and champagne rooms, as well as a \$500,000 retirement payout for a chief administrative officer. The judges praised the biweekly newspaper's work as "an outstanding example of the bedrock of journalism." Months later, its owner closed the title. For the first time since 1884, the community of 100,000 was without a newspaper.

"It felt a bit like we had a front row to our funeral," Wallace <u>told the *National Post*</u>. "Because we were being reached by all sorts of people in the community, who were, you know, mourning with us."<sup>17</sup>

Worse, however, was already unfolding online.

In August 2023, Meta blocked news access for Canadians on Facebook and Instagram, a result of the company's opposition to the Online News Act. After one year of the ban, <u>a study</u> by the Media Ecosystem Observatory (MEO) found that national news outlets lost 64 percent engagement on Facebook pages. Local news outlets lost 85 percent.<sup>18</sup>

"As a society that cares about the truth and cares about having a population that's informed to ensure better democratic outcomes and to hold politicians to account, this is extremely bad news," said Aengus Bridgman, director of the MEO. "Canadian news organizations lost an enormous amount of their online viewership."<sup>19</sup>

The MEO study also found that other social platforms did not compensate for these losses, resulting in an overall decline of 43 percent in online engagement.

Theresa Blackburn, publisher and managing editor of the *River Valley Sun* — tagline: "Owned, managed and printed in New Brunswick!" — has watched social engagement fall off a cliff in real time.

For years, Facebook was the only digital presence of her free monthly newspaper serving the Upper St. John River Valley of New Brunswick. "We used Facebook because it was free," <u>she told</u> The Agenda's Steve Paikin in September. "That was our only online presence for a number of years."<sup>20</sup>

Then came the news ban.

### -

MOST IMPORTANT TYPES OF LOCAL NEWS

<b>82</b> %	Police and crime
80%	Community events
<b>69</b> %	Schools and education
<b>64</b> %	Advertising for local businesses

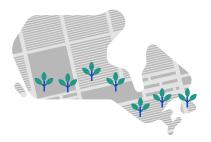
Source: Ipsos online survey. (January 2025).

"We lost not just the ability to disseminate news, we lost the ability to engage our public," Blackburn said. "We have lost the ability to quickly get information out. ... When you're on there (on Facebook) looking at your grandchildren's photos and something pops up from us saying 'we have a boil water advisory in our town,' people are seeing it very quickly. And (without that access), that's been a problem."

As well, the *River Valley Sun's* Facebook archive can no longer be accessed in Canada. Blackburn, who lives just across the border from Houlton, Maine, must make an international trek to access her own archives.

"Facebook has taken so much from us, they can't be community players," she said. "They're willing to take all the money, but they're not willing to help us inform the public. We've had a paper here since 1848. And this paper is not going to die on my watch. But that's a very huge strain."





Local newspapers hold communities' collective memories. No one else records their history week by week, in words and images. Lisa Sygutek, owner and publisher of the weekly *Crowsnest Pass Herald* in southwestern Alberta, is reminded of that motivating truth every time she unlocks her office front door.

The office's windows are dominated by a blown-up photo from the *Pass Herald's* archives of a parade of Second World War veterans from the town being welcomed back by vets from the First World War. It's a stunning photograph. "Local papers," she says, "are the diary of their community." That photograph would not exist were it not for the presence of the *Pass Herald*, as it's known — a family-owned business since 1930. It has lost two-thirds of its revenue since 2014 and cut its staff from eight to four, but Sygutek says it has never been more relevant. Crowsnest Pass is in a coal-mining region and the community finds itself at the heart of a controversy over a proposed new coal mine in the area.

"It's super contentious," she says. "We're full of letters on both sides."

The controversy places Crowsnest Pass squarely in the provincial, national and international debates swirling around an urgent energy transition and also contextualizes it, as the best local news outlets do. The landscape is not entirely gloomy. Some local news operations continue to serve their communities well using a traditional business model: determinedly print newspapers serving readers in low-connectivity regions, supported mostly by local advertising.

Papers like the *Crowsnest Pass Herald*, the *Wellington Advertiser* in southwestern Ontario and the *Prince Albert Daily Herald* in Saskatchewan are run by independent operators rooted in their communities. They manage to turn a profit — though nothing like the margins demanded by large corporate interests. The concerns of these successful local papers are often quite traditional, too, such as poor service from Canada Post, which they rely on for distribution.

Most new ventures, however, are digital. Feisty startups like <u>Cabin Radio<sup>21</sup></u> in Yellowknife, N.W.T., are finding innovative ways to serve their communities. <u>The</u> <u>Local<sup>22</sup></u> in Toronto adopted a philanthropic model from the start and is doing important local coverage in underserved neighbourhoods of the country's biggest city. In Kamloops, where Jessica Wallace's paper was recognized by the Michener Awards, several small online operations, including <u>The</u>

Wren,<sup>23</sup> have sprung up

In Kamloops, several small online operations have sprung up to offer basic local news coverage.

to offer basic local news coverage. And in October, a local group of volunteers launched a new monthly print paper, the <u>Kamloops Chronicle</u> ("Your voice, your community").<sup>24</sup> A flourishing new ecosystem of new startups was identified in the January 2025 Ipsos polling: fully 20 percent of Canadians in smaller communities said they believe there are more local news sources than five years ago.

Village Media, for instance, which began two decades ago in Sault Ste. Marie, Ont., now has more than two dozen digital properties throughout Ontario and boasts that "our mission is to save local news" — including in communities abandoned by legacy media companies. In October 2024, it launched a <u>new social</u> <u>media platform</u>, SPACES, in Ontario communities, with the goal of giving the big platforms like Facebook and Reddit "some competition."<sup>25</sup>

New outlets are even emerging to support other emerging outlets — in 2020, Indigraf, a Canadian all-in-one publishing platform, launched to "support the next wave of journalist entrepreneurs" by providing tools for startup newsrooms.

Other media, especially in Quebec, are using non-profit models to sustain local news. Major titles like La Presse and *Le Devoir* have become Registered Journalism Organizations (RJOs),<sup>26</sup> which exempts them from income tax and allows them to issue tax receipts for donations. A network of six smaller French-language dailies — including those in Quebec City, Sherbrooke, Trois-Rivières and Ottawa — formed the non-profit Coopérative nationale de l'information indépendante in 2019 when their corporate owners threatened to shut them down. They also acquired RJO status.

#### MOST TRUSTED NEWS SOURCES

<b>85</b> %	Local   news
85%	Local   radio
71%	National   newspapers
<b>69</b> %	National   radio
55%	International online   news sites

Source: Ipsos online survey. (January 2025).

The philanthropic model is being widely used in Quebec and is credited with putting many of the most important newspapers in that province on a sustainable footing. But it is barely being used in English Canada. The federal government created the RJO media model in 2019 but, since then, only 12 have been formed across the country. Seven are in Quebec, leaving just five (including *The Local* in Toronto and *The Narwhal*, an online magazine devoted to covering environmental issues) in the rest of Canada. Media

organizations in English Canada, especially those devoted to local coverage, could take better advantage of this model.

The potential of philanthropic involvement is discussed further below, but it's useful to note that in the United States, a relatively new charitable model for journalism is taking hold. Report for America is a nonprofit national program that helps fund journalists in local newsrooms to cover underreported communities and issues.<sup>27</sup> Its funding model is unique: 50 percent of a journalist's salary is paid by Report for America via non-partisan philanthropic funding; 25 percent is covered by the newsroom itself; and the remaining 25 percent comes from local donations that Report for America helps the news organization raise. Newsrooms are, in a sense, taught to fish, building their fundraising muscle, as well as connections, with help from Report for America. Since 2017, the program has placed more than 650 journalists in newsrooms, with millions of dollars raised.

In Canada, an important recent development was the June 2024 announcement

Media organizations in English Canada could take better advantage of the RJO model.



by Google that it would set up a fund worth \$100 million a year for Canadian media, exempting it from the Online News Act.<sup>28</sup> The Google money, transferred in early 2025, is being distributed through the <u>Canadian Journalism</u> <u>Collective<sup>29</sup></u> to outlets across the country.

In January 2025, CBC/Radio-Canada provided an update on its plan to spend its seven percent share of the Google fund (split between the French and English services) to hire 30 new local journalists in 22 underserved communities, including Fort St. John, B.C., Banff, Alta., Steinbach, Man., and northern New Brunswick.<sup>30</sup>

While CBC News currently operates 48 bureaus and local stations across the country, it says there are "more than 30 towns and cities in Canada with populations greater than 50,000 that have no CBC presence."

Indeed, the Ipsos poll indicated a need: 29 percent said they would like the CBC to be more present in their community, with 57 percent reporting that they consume the CBC's work via one platform or another — although an expansion by a taxpayer-funded national broadcaster that competes with entrepreneurs in small communities will clearly only ever be a partial, problematic solution.

Back in Crowsnest Pass, Sygutek believes governments should direct their advertising dollars to local media to support essential community debate. And she has another idea, too. Sygutek is the lead plaintiff in a Canadian-led <u>class-action</u> <u>lawsuit</u> seeking \$8 billion from Google and Meta.<sup>31</sup> The suit alleges the companies colluded in a conspiracy to rig online advertising and drain revenues from media like the *Pass Herald*.

The legal action will take years to make its way through the courts, but it has broken new ground in challenging Big Tech and others are now following suit: an Australian law firm is launching a similar action in that country. "It's worldwide," says Sygutek. "Canada is not just a one-off."

#### Case study #1 CHEK Media: From employees to employers

CHEK TV in Victoria launched in 1956 as British Columbia's first commercial TV station. When Canwest Global Communications put it up for sale in 2009 and no buyers appeared, the company announced it would close. But then the employees stepped in.

With a combination of outside financing, union support and their own savings, the people who worked at CHEK convinced Canwest, then on the verge of bankruptcy, to let them buy it themselves for a token payment of \$2. Fifteen years later, the station is thriving.

In 2009, CHEK had been scaled back to 35 employees. It now has more than 80 and has expanded to produce a daily sports show, podcasts, web streaming and a sizzling social media presence. Deeply rooted in the community, it covers the B.C. capital and Vancouver Island. General manager Rob Germain says the station is doing "more local reporting than ever before." Being locally owned makes a huge difference in attracting local advertisers and viewers, Germain says. "Our viewership remains strong and loyal because they know we're in it for them."

The employee-ownership model is rarely used in Canada; in fact, CHEK is the only employee-owned television station in North America. The company is now called CHEK Media Group and employees control four of the seven seats on its board. A joint union-management committee oversees daily operations.

Germain lived through the downsizing that came with being owned by a large corporation headquartered in another city. Now, he says, "I never want to go back to working for a corporate entity ever again." For CHEK, the key to success lies in being independent, locally owned and run by the people who work there.

#### Case study #2 The Eastern Door: A language reborn

The Eastern Door, a weekly newspaper published since 1992 in the Mohawk community of Kahnawake just south of Montreal, was pushed to the brink during the pandemic. Advertising dried up, but editor and publisher Steve Bonspiel says: "We didn't want to die."

The crisis drove innovation at the small operation with a print circulation of 1,500 for an on-reserve population of 6,500. Bonspiel launched a very different product — a website aimed at preserving the stories of Mohawk elders, written in both English and the Indigenous Kanien'kéha language. It isn't news in the traditional sense, but it is information of vital interest to a community determined to revive its language and hold on to its collective memory.

The Eastern Door is a 24-page weekly that relies on print advertising for 85 percent of its revenue. It has five editorial staff, including Bonspiel himself, who keep Kahnawake informed with aggressive reporting on local affairs. The new product, called Sharing Our Stories, was launched in 2022 and became a non-profit operation the following year so it could accept grants from governments and charitable foundations.

Another non-profit venture, called *The Pines Reporter*, covers the nearby Mohawk community of Kanesatake. Both non-profits receive funding from the Local Journalism Initiative, which is a program designed to support the creation of "original civic journalism," particularly in underserved communities.

Some content from Sharing Our Stories appears in *The Eastern Door*; Bonspiel says that increases readership and loyalty to the main paper. But the purpose of Sharing Our Stories goes deeper, providing space for Mohawk elders to record stories of their lives and to do it in their own language, if they choose.

That type of work, as well as the local reporting that fills *The Eastern Door*, can only be done by journalists who operate in the community they cover, Bonspiel says. "People see us at the grocery store or the bank. That's why they trust us."

#### Case study #3 The Local: A non-profit way forward

"News deserts" are usually considered to be smaller communities that aren't well-served by traditional media. But major metropolitan areas have their own news deserts as well — neighbourhoods with substantial populations but little coverage of local issues.

Enter The Local, an online outlet launched in 2019 after its founder noticed areas throughout the Greater Toronto Area that weren't well-served by established media. Some were districts like Scarborough that are often ignored or misunderstood. Other areas, such as the Peel Region just west of Toronto, which includes Mississauga and Brampton, have hundreds of thousands of people but spotty news coverage. Tai Huynh, The Local's founder and publisher, says his goal was not to compete with legacy media but to complement it with in-depth storytelling from those neglected areas: "We wanted local journalism to not just survive but be great."

To do so, Huynh and his team launched as a non-profit with the support of five foundations that pledged \$125,000 a year for three years. In 2022, *The Local* became a Registered Journalism Organization, which allows them to issue tax receipts and seek funding from individual donors.

The Local's pitch to funders and philanthropic foundations is that local news isn't just about journalism; it's about the overall social and political health of the community. Its five full-time editorial employees, along with several dozen freelancers, have produced ground-breaking work on the impact of the pandemic on disadvantaged communities and the wide disparities in health outcomes between Toronto neighbourhoods.

The Local also focuses on democracy at the municipal level. Legacy media, says Huynh, no longer gives voters adequate information about local issues and candidates, resulting in lower voter participation and more council seats filled by acclamation. *The Local* steps in with detailed coverage of competitive races in local elections, filling the gap left when hollowed-out established media cut back on the kind of civic-purpose coverage that was once a core part of their mission.

#### Case study #4 Cabin Radio: A central clearinghouse

What's an Englishman doing running a radio station in the Northwest Territories? Ollie Williams, a one-time sports reporter at the BBC, went north to be with a girlfriend he met at the Vancouver Winter Olympics in 2010 and ended up starting a vibrant local news operation in Yellowknife.

Cabin Radio launched in 2017, streaming audio over the internet 24 hours a day. It now employs eight people, including four journalists, and has become a key source of local news in a community where Williams says radio is still a major presence. It relies on online advertising, funding for two reporters under the Local Journalism Initiative, individual donations from listeners of about \$80,000 a year, and even selling stylish Cabin Radio merchandise.

Cabin Radio built up a loyal following, with an average one million online views per month in a city of 20,000 people, but it was the 2023 wildfires that cemented its place in the Yellowknife community. "We went to 24-hour-a-day live reporting updates," says Williams. "We became pretty much the central clearinghouse for information."

No one else, including government and other media, was doing so. Listenership soared. "We routinely hear we are people's main source of news," says Williams, even though the CBC has a significant presence in Yellowknife with more than half a dozen local reporters.

Cabin Radio started with \$100,000 in seed money and Williams says the business is profitable — in part because they added another revenue stream by launching a commercial video service for local businesses. "We've been in the black every year," Williams says. "It's sustainable."

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#### MOST RELIED UPON LOCAL NEWS SOURCES



Source: Ipsos online survey. (January 2025).

#### Case study #5 My Broadcasting Corporation: A not-so-secret sauce

Emblazoned on Jon Pole's hoodie are five words that guide his growing radio chain: Don't give up the ship.

President and co-founder of My Broadcasting Corporation, which owns 29 radio stations in 17 Ontario markets, Pole interprets the old U.S. navy saying as a reminder to focus on his central commitment: the local market. "Our core objective is to be a community partner and give back more than we take," he says.

Pole snapped up four of Bell's radio stations — CJPT-FM and CFJR-FM in Brockville and CKLC-FM and CLFY-FM in Kingston when the telecom sold 45 of its 103 stations in 2024. (Six other buyers — Vista Radio, Whiteoaks Communications Group, Durham Radio, ZoomerMedia, Arsenal Media and Maritime Broadcasting System — bought the others.)

At the time, Bell said the stations were no longer viable businesses.

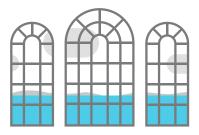
"I understand when Bell says they're not viable for them, based on the results they have been getting," Pole says. He believes stations have been underperforming and he will reach profitability with his new purchases by emphasizing local content; he has repeatedly done so with a growing chain of stations.

"The difference would be we would have more local news, we would have more salespeople, we would do more things in the community, and the revenue would be substantially larger."

While he awaits CRTC approval of the sale, which has taken about a year ("too long," he says), plans are afoot to build radio news departments in both communities. It's a recipe Pole repeats in each market he enters. In every listener survey since his company launched two decades ago, he says local news has ranked atop the list of what listeners enjoy about their stations (followed by music, contests and announcer personalities.) And with investment in a robust local salesforce, advertisers follow.

"My secret sauce is not complicated and it's not really even that secret," he says. "Taylor Swift doesn't sing any better for us than she does for anyone else."

## CHAPTER 3 The Charlottetown conference



In a high-ceilinged, harbourview conference room in Charlottetown, P.E.I., the most innovative practitioners of local news from across the country gathered, people whose modest operations often in remote locales generally leave them isolated from one another.

They shared the kind of lonely, bone-crushing exhaustion that can be earned only by working in a precarious, dwindling industry battling unforgiving headwinds.

But they were also buzzing with a palpable sense of hope. More than 60 local news entrepreneurs from across Canada arrived in late 2024 to brainstorm ways for their industry to survive — and possibly even thrive. Some operated print publications in small towns, others ran digital startups in big cities; some had as few as two employees, others operated large media companies.

United in the mission of local news, they were also there, in part, to get their mojo back. Those who operate at the rock face of local news are nothing if not pragmatic — they get things done, often against all odds. And they were there for solutions.

The outlets represented in Charlottetown were all locally owned and operated. Their attendance was hard won; most said they were taking advantage of government support programs put in place over the past several years when it became accepted that the crisis in news media was also a crisis of democracy and, often, their own survival as well. All were acutely aware they were meeting at a moment when that support can no longer be taken for granted.

The three policies put in place following the 2019 federal budget — in particular the Journalism Labour Tax Credit (LTC)<sup>32</sup> and the Local Journalism Initiative (LJI)<sup>33</sup> — have provided important support for local news operations across Canada. The LTC provides a tax credit of 25 percent (raised temporarily to 35 percent) of journalists' salaries, while the LJI <u>funds</u> about 400 positions covering local news.<sup>34</sup>

Three-quarters of those at the Charlottetown conference said they benefit from at least one program. The Local Journalism Initiative was cited by the largest number, with the Labour Tax Credit second and the <u>Canadian</u> <u>Periodical Fund</u><sup>35</sup> third. For almost a quarter of those taking part, those supports account for as much as 25 percent of revenue. Those government programs mean they can afford to employ, on average, one or two more journalists than they otherwise would — game-changing for small newsrooms with half a dozen or fewer editorial employees.

Unfortunately, as thepublishers and editors in Charlottetown recognized, those programs have become

highly politicized.<sup>36</sup> They were emphatic that government programs that provide important support for local news should not be judged as a partisan issue — nor should they be conflated with contentious national debates, such as the future of the CBC/Radio-Canada.

They should be seen, rather, as a policy tool to promote robust local debate and content, no matter which way a community leans politically.

Government programs mean they can afford to employ, on average, one or two more journalists than they otherwise would game-changing for small newsrooms with half a dozen or fewer editorial employees. Although the great majority of publishers and editors in Charlottetown said in a survey they are "not worried at all" about government support of journalism compromising editorial independence — many said they're used to dealing with pressure from advertisers and are well practised at guarding their independence — the general public appears to disagree. Ipsos polling results showed that 71 percent of Canadians are concerned independence may be compromised by government funding.

Certainly, there is concern among editors and publishers that the web of government programs for media (see Appendix) may be trying taxpayers' patience. "The media has asked for so much," said one editor. "It looks like handouts." Added another: "The public is confused about the various subsidies. I think we need to clean up our act."

Even those in the news industry have trouble keeping track of the various programs and managing the application processes to qualify. Outside Quebec, few were familiar with the Registered Journalism Organization (RJO) status and the doors that may open to philanthropic support. "I didn't know this was a thing until today," one editor said in Charlottetown. (An opportunity for the federal government exists here to assess Quebec's RJO uptake and determine how the rest of Canada can follow suit.)

Still, many were curious about the potential of philanthropic models to support local ventures. These have been used widely in Quebec and are guite common in the United States, especially for outlets with an explicit social mission or purpose, such as investigative journalism. (Certainly, the Ipsos poll<sup>37</sup> indicated a willingness to donate, with 40 percent saying they would consider donating to a local news outlet if they received a tax receipt.) Linking local journalism to the overall political and social health of a community, some said, could open doors to support from charitable foundations and individual donors. Some suggested a central advisory person or office to guide small media outlets through the maze of government programs.

Most editors and publishers want government support programs, especially the Labour Tax Credit, to continue indefinitely. Some, however, pointed to shortcomings with the programs and suggested media outlets should be allowed to access them for a shorter period, perhaps two or three years. Others said such programs should not be available to large corporate media operators or should be tied to maintaining local editorial jobs.

Almost all agreed that advertisers should be given greater incentives to support local media, in particular, a tax credit for local businesses to advertise in local media, which would put the decision of who to fund into the hands of individual businesses. To some extent, this is true, too, of charitable giving and the Journalism Labour Tax Credit. In the first case, donors decide. In the second, the tax credit is automatic for any organization that employs journalists (and is designated as a <u>Qualified Canadian</u> <u>Journalism Organization</u>).<sup>38</sup> Many said governments should also spend more advertising dollars in local and community media. They could follow the example of the Ontario government, for example, which, in July 2024, committed to spending 25 percent of its advertising budgets with "Ontario-based publishers."<sup>39</sup> Ontario spends an estimated \$200 million a year in government advertising, including marketing expenses by four big provincial agencies — the Liguor Control Board of Ontario, Ontario Cannabis Store, Metrolinx and Ontario Lottery and Gaming. A guarter of that would mean \$50 million a year in ad revenues for Ontario publishers. (According to the Ipsos poll, 67 percent of Canadians believe governments should direct more of their advertising dollars toward local news outlets.)<sup>40</sup>

If such programs were adopted by governments across the country at all levels, it could make a meaningful difference for local news. A common refrain: "If we could just get their advertising, we wouldn't need subsidy programs."

### CHAPTER 4 Public policy steps in



Public policy has been used to support journalism in Canada since before Confederation, starting with the postal subsidy for newspapers, followed by government funding for Canada's first international wire service, the Canadian Associated Press, and later, the creation of the CBC and the establishment of the Canadian Periodical Fund.

All were predicated on the principles that news by and about Canadians is important for a country to succeed and that all members of the public should have equal access to this news.

But while the case for public support of news media has ever been thus, rest-

ing on the role that journalism plays in ensuring the health of democratic discourse and of community life, it has never been more urgent.

The Public Policy Forum's 2017 report The Shattered Mirror<sup>41</sup> made the case that the collapse of traditional business models was making it impossible for media to continue to carry out the kind of central civic-function journalism of decades past. Eight years later, that is truer than ever. In Canada, government put in place new support programs, most notably the Journalism Labour Tax Credit in 2019, together with the digital news subscription tax credit and the creation of not-for-profit Registered Journalism Organization (RJO) status. The Local Journalism Initiative was launched as a five-year program; it has been renewed for an additional three years.

While the current programs have been launched under a Liberal federal government, the survival of civic-function journalism, especially on a local level, is a cross-partisan matter. The Conservatives may prefer more grassroots engagement and consumer-led choices, but all parties have an interest in a well-informed public enjoying access to a vibrant ecosystem of local news. Flourishing, independent and locally owned media is vital for the social health of communities, whatever the political stripe of their leaders. No single policy approach will help all local news media; community operations are very different in their histories, business models and goals. Public policy's range of supports should not discriminate between established media and new ventures, among print, digital and broadcast, or between for-profit and not-for-profit models. It must not seek to preserve the media as we have traditionally known it but should focus instead on the innovations that will help sustain a flow of reliable information, whatever the distribution channel - and without the need for perpetual government funding.

It should make the public good the first and only priority.

With that central tenet in mind, we suggest nine wide-ranging, complementary, stackable and sustainable ways that governments, philanthropists and consumers can ensure a resilient future for local news in Canada: **Policy must not** seek to preserve the media as we have traditionally known it but should focus instead on the innovations that will help sustain a flow of reliable information, whatever the distribution channel.

### FOR PHILANTHROPY

→ Expand issue definition: Philanthropy is growing rapidly in the United States around local news. In addition to the small handful of U.S. foundations that are interested in journalism and democracy, a second wave of foundations and donors that were funders of other issues — including domestic violence, hunger, homelessness and poverty — have come to realize they're not going to make any progress if there's no local news. Canadian philanthropists should follow suit.

#### → Step up community foundation

involvement: There are more than 200 community foundations across Canada, as well as thousands of private foundations. They are just now beginning to channel their impressive fundraising acumen towards local news initiatives: The Winnipeg Community Foundation, for instance, has funded reporting on religion by the Winnipeg Free Press, and the Toronto Foundation is one of several foundations that help to fund The Local. Community foundations should be encouraged to support local news coverage as part of their wider missions to encourage social vitality, community health and local democracy. More media organizations should be knocking on those doors, and more community foundations should be stepping up.

→ Help enable new local news models, including not-for-profits and charities: Major French-language news outlets such as *La Presse* and *Le Devoir* have become not-for-profits and then used that status to apply for Registered Journalism Organization status to take advantage of money from foundations and individual donors. Only five media organizations outside Quebec have done the same; that represents a major missed opportunity to develop a new source of revenue to support local news.

RJO status would mean new startup ventures could accept philanthropic support or present an opportunity for community-based fundraising to claim back news outlets from the corporate chains that have abandoned local coverage.

Foundations can help with this step. Achieving charitable status can be complicated, but foundations can offer guidance on how to navigate the rules around registered philanthropic organizations, such as setting up "friends of" charities that can more easily raise money from supporters. If more outlets had charitable status, more foundation help could be unlocked for local journalism.

### FOR GOVERNMENT

→ Reconceive the Local Journalism Initiative: Report for America in the United States provides a good model of a partnership with strategic intent that builds long-term capacity rather than plugging short-term holes. Its stated mission is to "strengthen our communities and our democracy through local journalism" and it funds reporters in local newsrooms for three-year terms, rather than the single year or less of the LJI. Among its other virtues: It provides training for journalists, unlike the LJI; its grants get smaller each year, shifting more onus each year on the news organization to finance its staff; and it helps news organizations learn how to fundraise within their communities. A homemade "Report for Canada" would roll in LJI funds to match those invested by philanthropy. This would provide the added governance benefit of distancing the program from the government of the day and placing authority in an independent board. Public contributions, as with academic granting agencies, would come in the form of multi-year funding.

#### → Mandate a sales notice period:

Communities should have an opportunity to rally support for news outlets that are threatened with closure by corporate owners. Specifically, there should be a notice period, perhaps 120 days, before a news operation can be shut down or sold to a non-local buyer. That would give communities time to gather support for local ownership. To help promote local buyers, governments can explore policy interventions that could include training and development, support with restructuring operations, access to expert resources, navigation support of federal and provincial programs, as well as low-cost or no-cost loans.

→ Tie the Labour Tax Credit to jobs: The LTC is the most important government program supporting news operations at the moment, worth an estimated \$67 million in the 2024-25 fiscal year.<sup>42</sup> It should be continued, but with important changes. Organizations should not take money and cut content; the tax credit should carry an incentive to grow newsrooms and should be tied to the increase or preservation of editorial positions and other resources necessary to produce local content. The credit would be higher for those who increase their spending on journalism.

#### ightarrow Drive local advertising with a tax

**cut:** Along the same lines, local advertisers should receive a tax credit for spending their ad dollars with independent, locally owned media. As advertising dollars continue to flow to foreign-owned digital sites, depriving local media of funds they need, a tax credit would give advertisers a greater incentive to vote local while leaving the decision about which outlets get support to them, not government. Equitable tax credits for advertisers have the additional benefit of being more likely to withstand shifts in the political winds.

That said, local advertising only helps if Main Street can withstand the competition from distant digital retailers, which presents a different set of challenges. → Direct government ad dollars to local news: Governments should earmark a portion of their substantial advertising budgets to local publishers and broadcasters. Ontario is showing the way by requiring that 25 percent of government ad budgets, including spending by four large provincial agencies, be directed to "Ontariobased publishers." This program, which went into effect in September 2024, is explicitly aimed at "helping to support these publishers and their workers, who are creating local news content for people across the province." Brought in by a Conservative government, it could be worth some \$50 million a year to Ontario publishers. The federal government, other provinces and territories, and municipalities should follow suit. Governments are already spending substantial amounts on advertising and marketing. It makes no sense for them to talk about the need for vibrant local democracy and a healthy local news environment while they continue to funnel their own ad dollars to foreign-owned social media sites.

# FOR PHILANTHROPY AND GOVERNMENT

#### → Encourage capital formation:

The best way to strengthen local news is to help it remain in local hands in whatever form entrepreneurs believe will work best in each community. In many cases, this will require capital. Programs to encourage capital formation for this purpose would go a long way to preserving the public good that is local news. A sustainable investment vehicle, co-funded by the federal government, provincial and territorial governments, the philanthropic sector and NGOs, could draw lessons from government programs like the Social Finance Fund<sup>43</sup> and the Canada Rental Protection Fund,<sup>44</sup> where federal investment complements other public, private and philanthropic money. The government should explore any mechanism that makes crowding-in more effective by utilizing a "first-in, last-out" methodology. For philanthropic organizations engaged in social impact investment, local journalism is a perfect match. The same is true for governments that have already put in place measures to encourage employee ownership or support.



# Conclusion

Historian Timothy Snyder, author of the bestseller *On Tyranny: Twenty Lessons from the Twentieth Century*, has been warning for years about threats to democracy in countries ranging from the Ukraine to the United States. His key message is that democracy often doesn't end with a bang; instead, it is usually eroded from within when citizens stop valuing the institutions that keep it vibrant. Local reporting is "hugely, hugely important for democracy," <u>he has said</u>,<sup>45</sup> but also "vastly under-recognized."

We concur. Certainly, local journalism will not fix all that ails us. But we can neither address, nor learn to value, what we cannot see, including the issues and problems only journalism can bring into the light. At stake is nothing short of the social and political health of communities across the country. Democracy, as is often said, dies in darkness.

Solutions will involve us all. Governments need to channel some of their advertising dollars to small communities; they need to give them a chance to rally support for news organizations threatened with closure; and they need to allow businesses an enhanced ability to support more outlets of their own choosing.

Philanthropists must step up community foundation engagement, raising their gaze from single-issue funding to a more wholistic understanding of journalism's role in driving awareness and accountability. Together, government and the philanthropic sector will need to create a new, independent and sustainably financed organization that helps train the next generation of local journalists — both in the business of journalism and fundraising.

Most importantly, news entrepreneurs must push to find new ways — as they have done at *The Local* and *The Eastern Door* and CHEK-TV and My Broadcasting Corporation and Cabin Radio and the *Crowsnest Pass Herald* and the *Haida Gwaii News* — to identify opportunities and better serve their local communities, using whatever fresh delivery systems, old-style reportage and creative funding models they can muster to get reliable information flowing.

Canadian communities deserve nothing less.

# APPENDIX A guide to existing programs

<u>Canadian Periodical Fund</u>: Introduced in 2009, it replaced two previous programs designed to assist Canadian print magazines, community newspapers and digital outlets. The fund includes a version of the postal subsidy program that had been in effect for more than a century, as well as other types of assistance for community newspapers and magazines. Planned funding is \$86.5 million for 2024-25. Canadian Heritage. (n.d.). Canadian Periodical Fund. Government of Canada.

Anadian Heritage. (n.d.). Canadian Periodical Fund. Government of Canada. https://www.canada.ca/en/canadian-heritage/services/funding/periodical-fund.html

**Canadian Journalism Labour Tax Credit:** Announced in the 2019 federal budget as part of a package of support for news media, it carried a projected cost of \$595 million over five years. It provided a refundable tax credit of 25 percent on salaries of up to \$55,000 per year paid to newsroom employees of Qualified Canadian Journalism Organizations (QCJOs). The tax credit was increased in 2023 to 35 percent for a four-year period, and the maximum labour cost that can be claimed per employee was permanently raised to \$85,000. The Parliamentary Budget Officer estimates the enhanced program will cost \$320 million over four years.

Canada Revenue Agency. (n.d.). Canadian journalism labour tax credit. Government of Canada. https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/business-tax-credits/canadian-journalism-labour-tax-credit.html

<u>Quebec Tax Credit to Support Print Media Companies</u>: Also established in 2019, it provides a refundable tax credit of 35 percent of salaries up to \$75,000 per year of employees of eligible organizations that publish original print content "designed specifically for Quebec's population." The content must include news topics such as politics, business and local interest. Eligible employees include those involved in writing, editing, research, photography and other "content-preparation activity." Quebec budgeted a cost of \$64.7 million over five years for the program.

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Local Journalism Initiative: Launched in 2019 for five years, it is designed to support the creation of "original civic journalism," particularly in underserved communities. In 2022-23, LJI allowed news organizations to hire or maintain more than 400 jour-

nalists. The program was extended in 2024 for another three years, bringing funding to \$128.8 million over eight years. Funding is administered by seven groups at arm's length from government, including News Media Canada and the Community Radio Fund of Canada.

Canadian Heritage. (n.d.). Local Journalism Initiative. Government of Canada. <u>https://www.canada.</u>ca/en/canadian-heritage/services/funding/local-journalism-initiative.html\_

**Digital news subscription tax credit:** Announced in the 2019 federal budget, it provides a non-refundable personal income tax credit of 15 percent for qualifying digital news subscriptions up to \$500 a year, for a maximum benefit of \$75. Eligible subscriptions must be to a QCJO that is primarily engaged in production of written content. It is due to expire in 2025.

Canada Revenue Agency. (n.d.). About the digital news subscription tax credit. Government of Canada. <u>https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/deductions-cred-its-expenses/digital-news-subscription.html</u>

<u>Community Media Strategic Support Fund</u>: Launched in 2018 to support projects that contribute to the vitality of official language minority media, in October 2024 the federal government committed \$12.5 million over five years to the program. Part of that is to be used to create 125 internships at 98 community media organizations across

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**Registered Journalism Organization:** This is a designation that allows journalistic organizations to establish not-for-profit status and issue tax receipts for charitable donations from foundations, companies and individuals. It went into effect on Jan. 1, 2020. As of December 2024, there were 12 RJOs in Canada, including seven in Quebec. To obtain RJO status, a media outlet must meet requirements that include being a QCJO; operate as a non-profit; employ two or more journalists; and not accept gifts from any one source that represents more than 20 percent of its revenue.

Canada Revenue Agency. (Oct. 31, 2024). List of registered journalism organizations. Government of Canada. <u>https://www.canada.ca/en/revenue-agency/services/charities-giving/other-organiza-tions-that-issue-donation-receipts-qualified-donees/other-qualified-donees-listings/list-registered-jour-nalism-organizations.html</u>

<u>Changing Narratives Fund</u>: The 2024 federal budget committed \$10 million over three years to support "diverse communities" (including Indigenous, Black and people with disabilities) to share their stories and perspectives. Part of the money is to be distributed through the Local Journalism Initiative.

Canadian Heritage. (n.d.). Changing Narratives Fund. Government of Canada. <u>https://www.canada.ca/en/canadian-heritage/services/funding/changing-narratives-fund.html</u>

**Ontario government advertising:** In July 2024, Ontario committed to ensuring that 25 percent of advertising budgets by the government and its largest agencies are reserved for Ontario-based publishers. The directive includes spending by the Liquor Control Board of Ontario, Ontario Cannabis Store, Metrolinx and the Ontario Lottery and Gaming Corp. Those agencies spend an estimated \$100 million a year on advertising and marketing and the government spends approximately \$100 million more. The government said the measure is designed to support publishers "who are creating local news content for people across the province."

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Online News Act – Google fund: The federal government passed the Online News Act (Bill C-18) in 2023, requiring online platforms to compensate news organizations for use of their content. As a result, Meta stopped linking to Canadian news content on its sites, including Facebook and Instagram. Google negotiated a deal to establish a fund worth \$100 million a year to be distributed among Canadian media. In June 2024, Google signed an agreement with the Canadian Journalism Collective, representing independent publishers and broadcasters, to oversee the funds, and transferred the money to the collective in early in 2025.

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